



CITY OF DURHAM | NORTH CAROLINA

December 10, 2014

TO: Thomas J. Bonfield, City Manager
THROUGH: Keith Chadwell, Deputy City Manager
FROM: Reginald J. Johnson, Director, Community Development
SUBJECT: Response to Questions Concerning Environmental Costs and Market Rate Units at the Lofts at Southside

The Department of Community Development presented an update to City Council on the Southside redevelopment effort at the December 4, 2014, City Council work session. Three questions were presented to the Community Development staff for response.

Question #1: Of the 32 approved applicants for the Lofts at Southside, how many are market rate applications?

Response: The 32 approved applications for the Lofts at Southside will be occupied by households earning 60% or below of the area median income. McCormack Baron Ragan has reviewed and rejected one market rate application and is currently accepting names for a waiting list for the market rate units and will begin contacting these individuals in January of 2015 and begin accepting applications.

Question #2 What is the bedroom mix of the market rate units?

Response: 32 one bedroom units, 19 two bedroom units and one three bedroom unit.

Question #3 What were the additional unexpected costs associated with the environmental issues on the site?

Response: The costs associate with the original environmental remediation scope of work plus approved change orders totaled \$2,249,335.00. The table below outlines the resulting indirect costs of the delays on the Phase 1 project due to the environmental remediation. These costs were presented to City Council in March of 2013 and City Council approved \$500,000.00 in additional funding while the Phase 1 partnership agreed to take on responsibility for the balance of the below costs.

Additional Tasks	Cost
Change Order #2 for acceleration related costs (actual costs	\$296,500.00
Change Order #8 for acceleration related costs (actual cost)	\$560,063.00
Additional construction administration costs for Design and Engineering consultants due to extended contract time	\$75,000.00

Application fee to NCHFA for the exchange of 2011 tax credits for 2014 tax credits (actual cost)	\$100,166.00
Legal fees associated with the tax credit exchange (actual cost)	\$14,834.00
Additional insurance costs due to extended contract time (6 months)	\$44,000.00
Additional Lender Inspection Fees (6 months) (actual cost)	\$4,500.00
Total	\$1,095,063.00